

Utah Money Management Council

350 N. State Street, Suite 180
P. O. Box 142315
Salt Lake City, Utah 84114-2315
(801) 538-1883 (801) 538-1465 Fax
mmcouncil@utah.gov



MONEY MANAGEMENT COUNCIL MEETING
THURSDAY SEPTEMBER 19, 2013
AT THE UTAH STATE TREASURER'S OFFICE
ROOM 180
3:00 PM

A G E N D A

1. APPROVAL OF THE MINUTES OF THE AUGUST 15, 2013 MEETING
2. MONTHLY AND QUARTERLY REPORTS
 - A) Division of Securities
 - B) Department of Financial Institutions
 - C) Deposit and Investment report update
 - i)- summary of reports with corporates
 - D) Review of enforcement actions on financial institutions
3. UPDATE OF PROGRESS MADE ON RULE DRAFTING
4. OTHER BUSINESS
5. SCHEDULE NEXT MEETING

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify Kathy Wilkey, Administrative Assistant, at Room 180 State Capitol Building, (801) 538-1468.

Mark O. McRae, Chair
Bountiful City
790 South 100 East
Bountiful, UT 84010
Phone (801) 298-6090
mmcrae@bountifulutah.gov

Mark D. Watkins, Vice Chair
US Bank
170 South Main St., Ste 600
Salt Lake City, UT 84101
Phone (801) 534-6209
mark.d.watkins@usbank.com

Kirt Slauch
Key Bank
36 S. State Street, Ste 2500
Salt Lake City UT 84111
Phone (801) 297-5717
kirt_w_slauch@keybank.com

John B. Bond
Weber County
2380 Washington Blvd., Ste 350
Ogden, UT 84401
Phone (801) 399-8007
jbond@co.weber.ut.us

Douglas L. DeFries
Bank of Utah
2605 Washington Blvd.
Ogden, UT 84401
Phone (801) 409-5175
ddefries@bankofutah.com

STATE MONEY MANAGEMENT COUNCIL-MINUTES
THURSDAY AUGUST 15, 2013

The regular meeting of the State Money Management Council was held in the Offices of the State Treasurer, 350 North State Street, Suite 180 at 3:00 p.m., Thursday, August 15, 2013. In attendance were:

Mark McRae, Chair
Kirt Slauch
Mark Watkins
John Bond
Ann Pedroza, Staff
David Damschen, Deputy State Treasurer
Tom Bay, Department of Financial Institutions
Diane Veltri, Zions Wealth Asset Management
Jamison Yardley, Pierpont Securities
Brian Moore, Zions Bank
Betsy Ross, State Treasurer's Office

Minutes of June Meeting

The minutes of the June 20, 2013 meeting were approved unanimously.

Monthly Reports

Securities Division:

Ms. Black was not in attendance and sent up changes to both the Certified Dealers list and the Certified Investment Advisers list. There was an addition of one firm with three agents on the Certified Broker Dealer list and RBC Capital Markets deleted two agents, Zions Bank Capital Markets and Zions Direct deleted one agent. On the Investment Adviser list, Zions Wealth advisors added one agent. Council reviewed the lists briefly.

Financial Institutions' Report:

Mr. Bay then reviewed the monthly report as of July month end and noted that there were still five banks on the list with a reduced allotment and Gunnison Valley Bank is still using over 90% of their allotment, Council instructed Mr. Bay to send out a letter to Gunnison Valley Bank reminding them that they were over 80% usage of their allotment. Mr. Bay noted for the Council that that in July the new capital rule for banks was finalized and it changes some things for banks such as capital ratios, prompt corrective action categories and percentages and definitions. He noted that although the rule does not go into effect until 2015, the Council should look at Rule 11 sometime in the near future to see if these changes may affect how uninsured public funds allotments are calculated. Council discussed this briefly and asked Mr. Bay to notify staff when he is ready to review the rule.

State Treasurers Report:

Ms. Brandt informed the Council that in response to concerns regarding the composite rating of securities in the PTIF, a new semi-annual report has been compiled on Bloomberg which shows the overall credit rating on the portfolio as requested by Council members. As part of this reporting change it was noted that going forward there will no longer be a monthly report and the Treasurer's office will report semi-annually as all public treasurers do. Ms. Brandt then noted for the Council that the composite rating on the portfolio as compiled by Bloomberg is a single "A", which is to be expected as the Money Management Act requires that public treasurers' purchase single "A" or better securities. Ms. Pedroza then informed the Council that she reviewed the report provided and the portfolio is in compliance with Rule 17-Limitations on commercial paper and corporate notes. This Rule limits the amounts of corporates/commercial paper by issuer based on the size of a treasurers' portfolio. The State falls into the 5% category. Ms. Pedroza then reviewed the back pages of the Bloomberg report which only shows the current ratings from Moodys and Standard & Poors. If the securities were rated by another NRSRO, that is noted on the report for the Council members. All securities at the time of purchase met the rating criteria of the Act of a single "A" or better by two NRSRO's. Ms. Pedroza noted for the Council that there were two securities whose rating had changed since the last report Council viewed. Council reviewed the report and discussed it briefly.

Late Deposit and Investment Report Update:

Ms. Pedroza informed the Council that there are just under 200 reports that have not been filed for the June 2013 reporting period and that the second notice went out on August 14th. Ms. Pedroza informed the Council that some of the entities that hold corporate notes have begun to purchase three year corporates as allowed by the change to the Act in the last session.

Review of Enforcement Actions:

Mr. Damschen informed the Council that there were no new enforcement actions since the last meeting.

Acceptance of Reports:

It was motioned and seconded, and all of the above reports were accepted unanimously.

Update of Progress made on Rule Drafting

It was noted for the Council that in their packet is a summary of the path that a rule takes to becoming law for their information. Mr. Watkins then passed out a rough draft of language he compiled from information that had been provided to the Council by the State Treasurer's Office. This Rule is for foreign bank accounts for higher education. Mr. Watkins reviewed the statute changes briefly noting that he felt that there may need to be clarification made on what donated and gifted funds are. Mr. Watkins then briefly walked through the language compiled with the Council. He noted that he had changed the language regarding insurance. Council discussed this briefly. Mr. Watkins noted for the Council that he placed requirement in the rule for the higher education institution to bring their request in to the Council for review, and it also requires the higher education institution to monitor the financial institution and report to the Council if their situation changes. Council discussed the draft language at length.

Mr. Damschen noted that there were no updates on the drafting of the reciprocal deposits rule.

Other Business

Mr. McRae provided the Council members with a list of issues that have previously been dealt with by the Council over the last few years and reviewed those issues with the Council members.

Schedule Next Meeting

The Council then scheduled the next meeting for September 19, 2013 at 3:00 p.m. in the offices of the State Treasurer. Council tentatively scheduled the meeting in October for the 17th. With no other business before the Council, they adjourned at 3:59 p.m.



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah
Department of Commerce
Division of Securities

FRANCINE A. GIANI
Executive Director

THOMAS A. BRADY
Deputy Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Deletions List Certified Dealer
DATE:	September 19, 2013

The following agents and firms have been added to the existing list for conducting investment transactions with public treasures pursuant to rule 16 of the State Money Management Council.

RBC Capital Markets, LLC

Agents: Matthew D. Hofer

Pierpont Securities LLC

Agents: William H. Money III
Marcus A. Nield



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Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Additions to the Certified Dealer List
DATE:	September 19, 2013

The following agents and firms have been added to the existing list for conducting investment transactions with public treasures pursuant to rule 16 of the State Money Management Council.

Incapital LLC

Agents: William H. Money III
Marcus Nield



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THOMAS A. BRADY
Deputy Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Current List Certified Dealer
DATE:	September 19, 2013

The following is the list of Certified Dealers and Agent(s) effective **September 19, 2013**:

Ameriprise Financial Services, Inc.

Agents:	Daniel S. Nelsen	7730 Union Park Avenue, Suite 300 Midvale, UT 84047
	Bruce R. Wingrove	" "
	Rex Baxter	" "

Barclays Capital Inc.

Agents:	Peter Bjurstein	555 California Street, 30th Floor San Francisco, CA 94104
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DA Davidson & Co.

Agents:	Hank Jenkins	1600 Broadway, Suite 1100 Denver, CO 80202
	Traci Lohnes Salinas	7730 South Union Park Avenue, Suite 220 Midvale, UT 84047
	Nicholas Yip	" "

George K. Baum & Company

Agents:	Susan P. Gardner	4801 Main Street, Suite 500 Kansas City, MO 64112
	Joseph C. Higginbottom	1400 Wewatta Street, Suite 800 Denver, CO 80202
	Frederic H. Jones	15 West South Temple, #1090 Salt Lake City, UT 84101
	Stephen L. Strong	" "
	Brett C. Turnbull	4801 Main Street, Suite 500 Kansas City, MO 64112

Goldman Sachs & Co.

Agents: Ryan Newman

200 West Street 5th Floor
New York, NY 10282

Chris Trinkus

"

"

Incapital LLC

Agents: William H. Money III

299 South Main Street, Suite 1317
Salt Lake City, UT 84111

Marcus Nield

"

"

LPL Financial LLC

Agents: Stephen H. Beierlein

5929 South Fashion Point Drive
Ogden, UT 84403

Timothy W. Floyd

2104 West Sunset Boulevard
St. George, UT 84770

Chad D. Waddoups

7181 South Campus View Drive
West Jordan, UT 84084

Morgan Stanley

Agents: Cody Adams

60 East South Temple 20th Floor
Salt Lake City, UT 84111

Paul Barton

6510 S. Millcreek Drive, Suite 100
Holladay, UT 84121

Deidre M. Cortney

3033 East 1st Avenue, Suite 820
Denver, CO 80206

Johnthomas L. Cumbow

50 North Laura Street, Suite 2000
Jacksonville, FL 32202

Douglas Felt

60 E. South Temple
Salt Lake City, UT 84111

Phil Fonfara

1101 5th Avenue
San Rafael, CA 94901

John Hallgren

60 East South Temple
Salt Lake City, UT 84111

Debra Lyman

6510 S. Millrock Drive, Suite 100
Holladay, UT 84121

Thomas E. Nielson

"

"

John R. Ott

1101 5th Avenue
San Rafael, CA 94901

Brian Parcell

60 E. South Temple
Salt Lake City, UT 84111

Angela Leach Pizzichini

3033 East 1st Avenue, Suite 820
Denver, CO 80206

Morgan Stanley cont.

Agents: Joseph A. Ranucci

F. Barton Reuling

Robert H. Rose

Kenneth Webster

50 North Laura Street, Suite 2000
Jacksonville, FL 32202
6510 S. Millrock Drive, Suite 100
Holladay, UT 84121
60 East South Temple
Salt Lake City, UT 84111
6510 S. Millrock Drive, Suite 100
Holladay, UT 84121

Pierpont Securities, LLC

Agents: Jamison Yardley

299 South Main Street, Suite 1300
Salt Lake City, UT 84111

Raymond James & Associates, Inc.

Agents: Mark McKinnon

2825 East Cottonwood Parkway, Suite 500
Salt Lake City, UT 84124

RBC Capital Markets, LLC

Agents: Todd N. Adams

Eric Ajlouny

Eddie Barber Jr.

Scott Chappell

Robert S. Cheney

Walter Hall

Tracy L. Maltby

Craig Martucci

Ronald N. Mason

Bradley T. Miller

Brent Peterson

Patrick Porter

Russell Tobler

Sam Vetas

299 South Main Street, #2000
Salt Lake City, UT 84111

345 California Street
San Francisco, CA 94104

299 South Main Street, #2000
Salt Lake City, UT 84111

" "

" "

345 California, 29th Floor
San Francisco, CA 94104

805 SW Broadway, Suite 1800
Portland, OR 97205

299 South Main Street, #2000
Salt Lake City, UT 84111

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" "

805 SW Broadway, Suite 1800
Portland, OR 97205

299 South Main Street, Suite 2000
Salt Lake City, UT 84111

" "

" "

UBS Financial Services Inc.

Agents: Don M. Bunnell

Barry B. Bowen
John Doke

Matthew J. Hufford

Fred C. Luedke

Jim Madden
Nat Mosley
Christopher Soutas

299 South Main, Suite 2100
Salt Lake City, UT 84111
"
100 Crescent Court, Suite 600
Dallas, TX 75201
299 South Main, Suite 2100
Salt Lake City, UT 84111
100 Crescent Court, Suite 600
Dallas, TX 75201
"
"
299 South Main, Suite 2100
Salt Lake City, UT 84111

Wells Fargo Advisors LLC

Agents: Daniel Payne

David Payne
Timothy Payne
R. Dane Bradshaw

Josh G. Burgon

201 South Main Street, Suite 160
Salt Lake City, UT 84101
"
"
6550 South Millrock Drive
Holladay, UT 84121
"

Wells Fargo Securities LLC

Agents: Benjamin Byington

Thomas Degenaars
Brandon Hodge
Larry Lundberg

Chandos Robertson

Ryan Stoker
Randy Church

299 South Main Street
Salt Lake City, UT 84111
"
"
1445 Ross Avenue
Dallas, TX 75202
299 South Main Street
Salt Lake City, UT 84111
"
"

Zions Bank Capital Markets

Agents: Veronica Atkinson

Kindra Corbin
Jacqueline Davies
Neil Decker
Wendy Jones

One South Main Street, 17th Floor
Salt Lake City, UT 84133
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"

Zions Bank Capital Markets cont.

Agents: Brad Mayeda
Daniel Ricks
Ty Roberts
Ben Sehy
Kathy Sullivan

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Zions Direct, Inc.

Agents: Veronica Atkinson

One South Main Street, 17th Floor
Salt Lake City, UT 84133

Kindra Corbin
Jacqueline Davies
Neil Decker
Wendy Jones
Brad Mayeda
Daniel Ricks
Ty Roberts
Ben Sehy
Kathy Sullivan

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Deputy Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Additions to the Certified Investment Adviser List
DATE:	September 19, 2013

The following agents and firms have been added to the existing list for conducting investment transactions with public treasures pursuant to rule 15 of the State Money Management Council.

Zions Wealth Advisors
Dba Contango Capital Advisors Inc.
Investment Adviser
Representatives: Calob Johnston



GARY R. HERBERT
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State of Utah
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THOMAS A. BRADY
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KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Deletions to the Certified Investment Adviser List
DATE:	September 19, 2013

The following agents and firms have been added to the existing list for conducting investment transactions with public treasures pursuant to rule 15 of the State Money Management Council.

Zions Wealth Advisors

Db a Contango Capital Advisors Inc.

Investment Adviser

Representative: Gregory Balls



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah
Department of Commerce
Division of Securities

FRANCINE A. GIANI
Executive Director

THOMAS A. BRADY
Deputy Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Current List Certified Investment Adviser
DATE:	September 19, 2013

The following is the list of Certified Investment Advisers and Investment Adviser Representative(s) effective **August 15, 2013**:

AllianceBernstein L.P.

Investment Adviser

Representatives:

Joseph E. Brienza	1225 17 th Street, Suite 2900
	Denver, CO 80202
Jeffrey F. Jagard	" "
John Robb	" "

Cutwater Asset Management

Investment Adviser

Representatives:

Mary Donovan	1700 Broadway, Suite 2050
	Denver, CO 80290
Bruce G. Ely	" "
Marc H. McClure	" "
Hal Nachtrieb	1900 Sixteenth Street, Suite 200
	Denver, CO 80202
David Witthohn	1700 Broadway, Suite 2050
	Denver, CO 80290

Moreton Asset Management, LLC

Investment Adviser

Representatives:

Jordan C. Hansen	709 East South Temple
	Salt Lake City, UT 84102
Andrew J. Robbins	" "
Jason M. Williams	" "

Morgan Stanley
Investment Adviser
Representatives:

Cody C. Adams	60 South Temple Salt Lake City, UT 84111
Paul Barton	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
Douglas Felt	60 South Temple Salt Lake City, UT 84111
: John Hallgren	60 East South Temple Salt Lake City, UT 84111
Debra Lyman	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
Thomas E. Nielson	" "
Brian Parcell	60 East South Temple Salt Lake City, UT 84111
F. Bart Reuling	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
Robert H. Rose	60 East South Temple Salt Lake City, UT 84111
Kenneth Webster	6510 Millcreek Drive, Suite 100 Holladay, UT 84121

PFM Asset Management LLC

Investment Adviser

Representatives: Lauren Brant
Christopher Blackwood

1400 16th Street, Suite 400
Denver, CO 80202

" "

Zions Wealth Advisors

DBA for Contango Capital Advisors Inc.
investment adviser

representatives: Greg Aiken	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Brett Belliston	" "
Ben Blake	903 East 12300 South Draper, UT 84020
Scott R. Burnett	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Charles D. Erb	One South Main, 17 th Floor Salt Lake City, UT 84133
Gary Mark Hill	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Matthew R. Johnson	" "
Calob Johnston	40 East Street St. George, UT 84770
Brian Moore	One South Main Street, 12 th Floor Salt Lake City, UT 84113

Zions Wealth Advisors cont.

DBA for Contango Capital Advisors Inc.

investment adviser

representatives: Diane Veltri
David Warne

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“

6/30/13
Late D&I reports
As of
9/19/13

Monticello City

College/Young MAD #1
Antimony Cemetery
East Garland Cemetery
Garden City Cemetery
Hyde Park Cemetery
Penrose Cemetery
So Summit Cemetery
Willard Cemetery

Carbon Co Housing Auth
Millard Co Housing Auth

Tintic S/D

Austin Community SS Dist
Beaver Co Waste Mgt SSD#5
Beaver Dam Village SS Dist
Duchesne Co SS Dist #2
Garfield Co SS Dist #1
Iron Co SS Dist #3
Neola Community Park Dist
North Sanpete Ambulance Service
Pinon Forest SS Dist
Summit SS Dist
Tabby Valley Parks & Rec Dist
Weber Human Services
West Erda Imp Dist
White Hills SS Dist

Cedar Fort Town
Circleville Town
Leeds Town
Lynndl Town
Mantua Town
Scipio Town
Woodruff Town

Utah Valley University
Utah College of Applied Tech

Bluff Waterworks SS Dist
Box Elder Co Serv Area #2
Box Elder/Willard Fld Control
Perry City Flood control
Bristlecone Wtr Imp Dist
Cache Co Drain Dist #6
Charleston Wtr Cons Dist
E Duchesne Culinary Wtr Imp Dist
East Lewiston Drain Dist #4
Hansel Valley WtrShd Dist
Iowa String Drain Dist
Lake Shore & Benjamin Drain Dist
Mapleton Irrigation Co
Millard Co Drain Dist #4
Rush Valley Wtr Dist

Freedom Academy
Liberty Academy
Open High School
Oquirrh Mtn Charter School
Pinnacle Canyon Academy
Tuacahn High School

R###-##-# Purpose: To provide guidelines to higher education institutions when depositing public funds in foreign countries.

R###-##-# Authority: This rule is issued pursuant to Section 51-7-117(B)(4)(a) and 53B-7-601

R###-##-# Scope: This rule relates to public funds of higher education institutions that are required by law of the foreign country to be deposited in the foreign country or deposits from a grant, gift or contract that are required to be deposited in a foreign country.

R###-##-# Definitions:

1. "FDI" (foreign depository institution) is as defined in Section 7-1-103 of the Utah Code.

2. "MMC" is the Money Management Council.

1. Public funds would include tax revenue, _____.

2. Public funds would not include revenue or donations from a private entity/person that are gifted to a public entity and are now held as public funds.

R###-##-# General Rule Requirements for Deposits:

1. To be qualified for deposits under 53B-7-60, the FDI shall:

1. With the exception of the following restrictions, the rules the deposit of public funds will follow the current Money Management Act guidelines.

2. a. Deposits in an FDI should be deposited in an insured institution.

3. b. FDIs must be rated "A" or better by one nationally recognized statistical organization (NRSRO).

c. The sovereign debt rating of the country where the FDI is be domiciled in a country in which the FDI must be is rated "A" or better by the an NRSRO.

R###-##-# Prohibited Deposits:

4.

5.1. Use of FDIs in any county or territory described below should is prohibited:

a. Countries subject to sanctions by the Office of Foreign Assets Control (OFAC).

b. Countries and territories on the Financial Action Task Force's (FATF) list of high-risk and non-cooperative jurisdictions.

6.2. Financial Crimes Enforcement Network (FinCEN) advisories must be reviewed to ensure that potential Anti-Money Laundering and Counter-Terrorist Financing risks associated with any country are assessed, identified and avoided before establishing deposits in thean FDI.

3. FDIs-The FDI must may not be listed on the U.S. Treasury's Specially Designated Nationals (SDN) list.

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R### ## # Approval by Money Management Council:

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1. The MMC must approve the FDI.

7.

2. Prior to approval by the ~~Money Management Council~~ MMC, the public entity ~~will~~ must present to the ~~Money Management Council~~ MMC the reasoning and purpose for the deposit or investment.

3. Upon review of the plan, the MMC will decide whether to give final approval to allow public funds to be deposited in ~~the~~ FDI.

4. The MMC will apply any restrictions to the approval it deems necessary to protect the funds in the possession of the FDI.

8.

R### ## # a. It is the responsibly of the public entity to monitor the restrictions placed on ~~an~~ the FDI. If a restriction is, and if violated, the public entity will notify the MMC of the issue within 30 days of the violation, and provide a plan of action to resolve the violation. The MMC should be notified within 30 days of the violation of the restriction.

R### ## # Reporting by higher education institutions of foreign deposits.

The higher education institution will ~~report file~~ a written report ~~to~~ with the MMC on or before July 31 and January 31 of each year containing the following information for investments held on June 30 and December 31 respectively:

A. a. Total market value of the deposit account, which will include previous historical valuation dates (up to 3-years).

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B. b. Total market value of uninsured deposits in the money market account, which will include previous historical valuation dates (up to 3-years).

C. c. Debt rating of the FDI.

D. d. Debt rating of the country the FDI is located in.

_____ R###-###-# Purpose: To provide guidelines to higher education institutions when depositing public funds in foreign countries.

_____ R###-###-# Authority: This rule is issued pursuant to Section 51-7-117(B)(4)(a) and 53B-7-601

_____ R###-###-# Scope: This rule relates to public funds of higher education institutions that are required by law of the foreign country to be deposited in the foreign country or deposits from a grant, gift or contract that are required to be deposited in a foreign country.

_____ R###-###-# Definitions:

1. "FDI" (foreign depository institution) is as defined in Section 7-1-103 of the Utah Code.
2. "MMC" is the Money Management Council.

_____ R###-###-# Requirements for Deposits:

1. To be qualified for deposits under 53B-7-60, the FDI shall:

- a. be an insured institution.
- b. be rated "A" or better by one nationally recognized statistical organization (NRSRO).
- c. be domiciled in a country in which the ~~FDI~~ sovereign debt rating is rated "A" or better by the NRSRO.

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R###-###-# Prohibited Deposits:

~~2.1.~~ Use of FDIs in any county or territory described below is prohibited:

- a. Countries subject to sanctions by the Office of Foreign Assets Control (OFAC).
- b. Countries and territories on the Financial Action Task Force's (FATF) list of high-risk and non-cooperative jurisdictions.

~~3.2.~~ Financial Crimes Enforcement Network (FinCEN) advisories must be reviewed to ensure that potential Anti-Money Laundering and Counter-Terrorist Financing risks associated with any country are assessed, identified and avoided before establishing deposits in the FDI.

3. The FDI may not be listed on the U.S. Treasury's Specially Designated Nationals (SDN) list.

4.

R###-###-# Approval by Money Management Council:

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1. The MMC must approve the FDI.

2. Prior to approval by the MMC, the public entity must present to the MMC the reasoning and purpose for the deposit or investment.
3. Upon review of the plan such reasoning and purpose, the MMC will decide whether to give final approval to allow public funds to be deposited in the FDI.
4. The MMC will apply any restrictions to the approval it deems necessary to protect the funds in the possession of the FDI.

_____ a. It is the responsibility of the public entity to monitor the restrictions placed on the FDI, and if violated, the public entity will notify the MMC of the issue within 30 days of the violation, and provide a plan of action to resolve the violation.

_____ R###-###-# Reporting by higher education institutions of foreign deposits.

_____ 1. The higher education institution will file a written report with the MMC on or before July 31 and January 31 of each year containing the following information for investments held on June 30 and December 31 respectively:

- a. Total market value of the deposit account, which will include previous historical valuation dates (up to 3-years).
- b. Total market value of uninsured deposits in the money market account, which will include previous historical valuation dates (up to 3-years).
- c. Debt rating of the FDI.
- d. Debt rating of the country the FDI is located in.



Ann Pedroza <apedroza@utah.gov>

RE: Question on D&I report

1 message

Wilcox, Leon <Leon.Wilcox@canyonsdistrict.org>

Thu, Sep 19, 2013 at 10:39 AM

To: Ann Pedroza <apedroza@utah.gov>

Ann,

I did an analysis of the May purchases for Morgan Stanley and ING, as well as the October purchases for Citibank and Hewlett-Packard. The analysis is attached. We were under the 5% level for the Morgan Stanley, Ing, and the HP on the date of purchase. However, the Citibank comprised about 5.2% of our total portfolio when we made the purchase on 10/31/12. Obviously, I will more closely scrutinize future purchases to verify the security will be under the 5% limit.

To answer your question the number of trades, we use Steve Strong with George K. Baum and Brandon Hodge, with Wells Fargo Capital Markets, as our agents. Before any purchase is made Steve or Brandon must provide me a summary of why it would benefit the District to make this purchase. The summary would include increases in yields, potential dollar earnings and short/medium/long-term benefits to the District. I feel we follow the "prudent man rule" as every investment is made for investment purposes to further the District's objectives and never for speculation reasons.

Please let me know if you have further questions or concerns.

Thanks,
Leon

From: Ann Pedroza [mailto:apedroza@utah.gov]**Sent:** Wednesday, September 18, 2013 4:31 PM**To:** Wilcox, Leon**Subject:** Re: Question on D&I report

Leon:

Thank you for the purchase dates, that helps, I am also wondering about the Morgan Stanley floaters purchased in May 2013 along with the Ing also purchased in May 2013. Then the Citibank purchased in November of 2012 and the Hewlett Packard purchased May and October 2012. From the June 2012 report you would be Ok on the HP you had purchased up to that point, I guess it would be the October piece I would inquire about however, as I look at your December 2012 it looks like you would probably be Ok.

Another one of my questions is it appears that you are doing a lot of purchasing **and** selling and I am concerned that the broker might be "churning" your account so they get more fees. I say this as I see seven securities that were not callable and that have not matured as their maturity dates were in 2014 and they are no longer in your report from December to June and there are new securities in your portfolio as of June, above and beyond the 9.1 million increase in investment securities. The Act in 51-7-14., the "prudent man rule" states that that investments should be selected not for speculation but for investment.

Thank you for the information and the other report they were very helpful. Please let me know about the other questions.

Sincerely,

Ann Pedroza, Staff

Utah Money Management Council

On Wed, Sep 18, 2013 at 2:37 PM, Wilcox, Leon <Leon.Wilcox@canyonsdistrict.org> wrote:

Ann,

Before we purchase any security we verify that it's within the 5% rule. The attached pdf shows the District's holdings as of June 30, 2013, which matches the statement we sent to the MMC. The yellow highlighted column shows the date when each security was purchased. The District issued \$80M in bonds last August, which we deposited in PTIF account #5612, we did not invest any of these funds outside the PTIF as they were used to fund construction projects. With the funds in this account we should have stayed within the 5% rule.

On June 10, 2013 (with a settlement date of June 13, 2013) we sold a Goldman Sachs (cusip 38143GDZ4) with a par value of \$6,620,000 and purchased another Goldman Sachs (cusip 3814GEG5) with the same par value. As a I research that purchase is does appear we slightly exceeded 5% as we had portfolio balance of approx. \$219,906,000 on June 10th (we had \$152,990,000 in Safekeeping, \$57,304,000 in PTIF, \$4,012,000 in our District checking accounts and approx. \$5,600,000 in our school check accounts). Therefore on June 10th, Goldman Sachs comprised 5.3% or our portfolio rather than 5% . The par value for that purchase should have only been \$6.0M rather than \$6.62M

Let me know if that's a significant problem?

Is there other specific purchases we can research to verify our compliance?

Please let me know if you have any other questions.

Thanks,

Leon Wilcox, CPA

Director of Accounting, Auditing, and Budgeting

Canyons School District

9361 South 300 East

Sandy, UT 84070

From: Ann Pedroza [mailto:apedroza@utah.gov]
Sent: Wednesday, September 18, 2013 12:58 PM
To: Wilcox, Leon
Subject: Question on D&I report

Leon:


I have been going through reports a little more in depth and noticed that on your report you have several securities with par values over your 5% of any one issuer limitation from Rule 17. I am basing this on the amount of funds reported on the report dated June 30, 2013. Can you provide or verify that when these securities were purchased you had more funds under management such that you did not violate the 5% rule limitation?

Also, did you sell A Goldman Security to purchase the Goldman Security maturing 3/22/16 with a par value of 6,620,000?

Thanks,

Ann Pedroza. Staff

Utah Money Management Council

 **MMC purchase detail.pdf**
12K

Safekeeping Purchase Analysis

Purchase Date	5/7/2013	5/10/2013	10/31/2012	10/10/2012
Security	Morgan Stanley	ING	Citibank	Hewlett-Packard
Safekeeping	157,750,000	157,750,000	139,891,000	144,576,000
PTIF (5222)	85,258,000	82,823,000	35,948,000	46,232,000
PTIF Bond (5612)	3,640,000	3,640,000	62,072,000	62,033,000
Cash	n/a	n/a	6,758,392	3,196,583
Est School Cash	n/a	n/a	5,600,000	5,600,000
Total Portfolio	246,648,000	244,213,000	250,269,392	261,637,583
Par Amount	11,500,000	12,000,000	13,000,000	13,000,000
	4.66%	4.91%	5.19%	4.97%

District Cash

	10/31/2012	10/10/2012
Workers Comp	60,509	97,713
Foundation	194,139	193,715
General	5,393,797	2,082,779
Nutrition	420,626	375,632
Swimming Pools	51,112	48,836
Payroll	77,209	66,908
CD	331,000	331,000
Foundation Fund	230,000	230,000
District Cash	6,758,392	3,196,583

Summary of reports with corporate/investments

Bountiful City- Total D&I \$87.5 million, 35 Million with ZWA 12.1 Million invested through certified dealers. One corporate over 2 years purchased on 5/16/13 2,000,000 par value.

Fillmore City- No new securities since 2012 – Holds long muni's in the electric company \$3,625,000 of 12.6 million on report.

Logan City – No new purchases since 2012. Total D&I 91.5 million 11 million in securities.

Moab City – 7.4 million total D&I nothing new since 2012. 1,990M in securities.

*Ogden City – 64.4 million reported. As of April has an account with Moreton Financial in addition with ZWA. One security out past 2 years purchased in June 2013 350K, 6.5 million in investments.

Park City- Total reported 67.4 million, 5 million in corporates, one security out past 2 years 200k purchased 5/16/13. ZWA account.

Salt Lake City – Has only purchased agency securities since last report. No longer corporates. Uses Cutwater Asset Management.

Sandy City – Total reported 67.4 million has 10.2 million with ZWA – one security out past 2 years, 175K par purchased 5/16/13.

*South Jordan City - Total reported 70.2 million. 22.4 million with 2 I.A.'s ZWA and Moreton 1 security out past 2 years 250K purchased 5/16/13. Issue with confirms from I.A.'s

*Washington City – 24.4 million total reported. 16.5 million in corporates, agencies and LONG muni's. Uses Wells Fargo. Listed as "general/impact fees/capital"

*Duchesne County – 35.2 million total reported. 10.2 invested in LONG munis, some corps, and LONG agencies, all listed as "general" for fund type.

Uintah County – 93 million reported. 19.9 million in investments through ZWA, 1 security over 2 years 500K purchased 5/16/13.

Cache Co School Dist – 19 million reported 2 million in investments-no trades since 2012.

*Canyons School District – 206 million reported. 146.8 million in securities. Uses Wells Fargo and George K Baum. Has issues with the 5% limitation in any one issuer name. See e-mail exchange.

*Weber School District- 97.8 million reported. 52 million in securities, 3 issues past 2 years maturity, can't tell when they were purchased, but were not on the last report. 13 million total past 2 years. I sent him an e-mail requesting more information.